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## Taxation as a Professional Career

American Institute of Certified Public Accountants (AICPA)

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In today's dynamic business environment, taxation offers exciting and challenging career opportunities. The U.S. tax system is based on voluntary self-assessment, and it relies heavily on the expertise of tax specialists for its effectiveness. As a consequence, tax practice has evolved as a major area of specialization for CPAs.

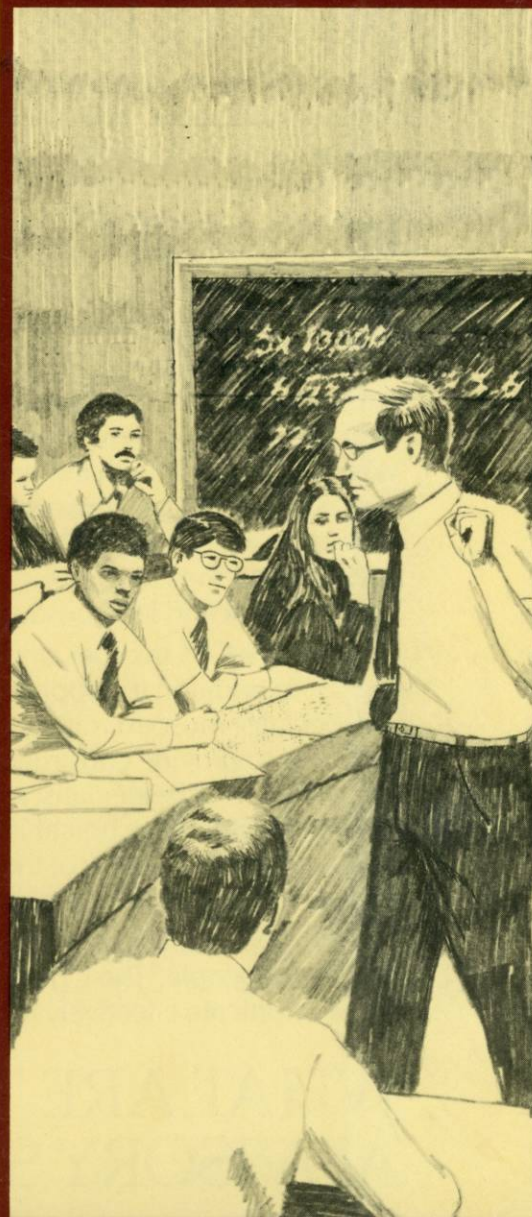
A CPA tax specialist provides a wide range of tax advisory services to individuals and organizations. These include tax consulting related to business, investment, and personal transactions; preparing tax returns and related schedules; and representing taxpayers before governmental agencies. Industry and government also employ CPA tax specialists who are involved with tax planning and compliance.

Men and women who understand the tax laws and who are able to apply this knowledge in providing tax advisory services find their careers enjoyable and rewarding. They are highly respected as professionals and are well compensated for their work. They can also serve the public good by raising the standards of tax practice and administration and by working with other groups to improve the tax system.

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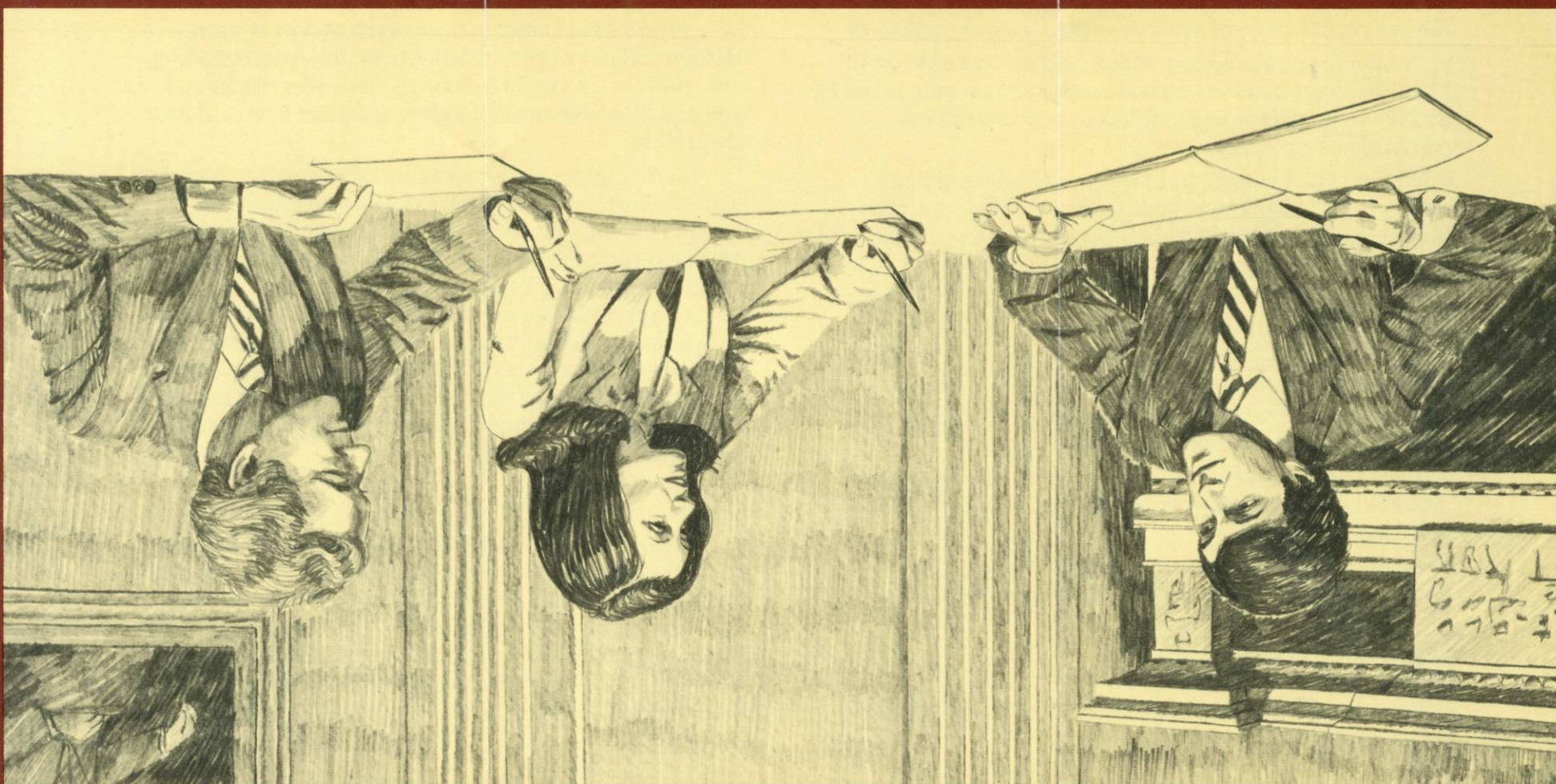
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## TAXATION AS A PROFESSIONAL CAREER



**AICPA**

American Institute of Certified Public Accountants





# WHY ARE TAX ADVISORY SERVICES NEEDED?

The U.S. tax system is complex and in a state of continuous change. The use of taxes as an instrument of economic and social policy, combined with the competing objectives of various interest groups, has led to frequent legislative amendments of the tax laws. Furthermore, the need to clarify the tax laws for purposes of compliance has created an increasing number of interpretative pronouncements by administrative and judicial authorities.

The inevitable result is that individuals and organizations constantly require tax advisory services with respect to their business, investment, and personal transactions. Whether involved with the preparation of a tax return or an evaluation of the tax consequences resulting from alternative courses of action, the CPA tax specialist plays a key role in ensuring that the client's tax problems are handled in the most efficient and least costly manner.

Today's CPA tax specialists are problem solvers for their clients. In addition to supplying technical competence, the tax specialist must exercise good financial judgment and creativity to provide constructive solutions to complex tax problems. The tax specialist must also reconcile the needs of the client with the technical issues involved. Therefore, a thorough understanding of the client's business, investment, and personal objectives is required.

Finally, all aspects of tax practice relate to providing services to people. The CPA tax specialist must have the ability to communicate effectively his or her ideas to the client.

# WHAT ARE TAX ADVISORY SERVICES?

The CPA tax specialist who offers tax advisory services must deal with a variety of tax problems and opportunities encompassing three areas of tax practice. Some examples are the following:

## Tax Consulting

- Selecting the best procedure to maintain family control over a business while minimizing the estate and gift tax burden on transfers of ownership among family members
- Designing compensation, fringe benefit, and retirement plans for a company which will enable it to provide financial incentives to officers and employees at an acceptable earnings and tax cost
- Planning for a change in a corporation's accounting methods that reduces the company's income taxes while minimizing any adverse tax impact on its financial statements
- Reorganizing a multinational company's domestic and foreign operations in a manner that takes into consideration such factors as U.S. and foreign taxes, cash investments, dividends, and economic growth
- Obtaining an advance ruling from the IRS on the tax consequences of a proposed corporate acquisition of the stock or assets of another company
- Analyzing the investment opportunities and tax benefits provided by syndications of oil and gas, real estate, and other risk capital ventures
- Income and estate tax counseling with respect to the financial settlements involved in divorce and separation

## Tax Compliance

- Preparing a consolidated tax return for an affiliated group of corporations

- Reviewing tax returns prepared by a company's in-house tax department
- Preparing and reviewing individual tax returns
- Analyzing the effect of carrybacks of tax losses and credits with respect to filing amended returns for prior years
- Computing the estimated tax payments required of an individual or a corporation
- Assisting in the preparation of a corporation's tax accrual provisions for financial statement presentation

## Representation of Clients Before the IRS

- Challenging the IRS disallowance of pricing policies established by related corporations for intercompany transactions
- Preparing a protest, citing reasonable cause, to abate a penalty assessed to an individual for the late filing of a tax return
- Representing an individual during an IRS examination of his or her tax return
- Presenting oral and written arguments before an IRS appeals conference and (if qualified) before the U.S. Tax Court with respect to the proper tax treatment of shareholder advances to a corporation

It should be emphasized that the CPA tax specialist works with other professionals in providing tax advisory services. Frequently, the tax specialist will be an important member of the client's professional advisory team for specific projects. For example, a tax consulting engagement for a commercial real estate venture will involve the tax specialist in consultations with the developers, syndicator, investment bankers, architects, construction engineers, and attorneys. In the case of a pension and profit-sharing plan engagement, the tax specialist will work with actuaries, insurance company representatives, trustees of the plan, investment counselors, and attorneys.

## ACADEMIC PREPARATION

The CPA tax specialist must possess, in addition to technical tax expertise, a broad understanding of the business environment. Therefore, an individual preparing for a professional career in taxation must have a strong background in income measurement, financial reporting, cost analysis, economics, finance, and other disciplines, as well as a thorough understanding of the tax laws and their application.

Most colleges and universities offer a degree program in accounting, which will provide an individual with the necessary academic preparation. Many institutions also offer advanced course work in taxation and accounting leading to a graduate degree. Certain accounting and business courses are required in all degree programs, since a core of basic knowledge is needed for a professional career. Other elective courses are available according to the individual's interests and career goals. The AICPA, state and local CPA organizations, and college counselors can provide advice in career planning.

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A successful professional career in taxation requires academic preparation, self-motivation, initiative, creativity, a commitment to service, and skill in the arts of communication and analysis. Other important attributes are the abilities to work well with other people, to think abstractly, and to solve problems systematically. If you fit this pattern, consider directing your career in accounting toward a specialization in taxation.